

**AN ANALYSIS OF FACTORS INFLUENCING CORPORATE SOCIAL
RESPONSIBILITY AT EQUITY BANK LIMITED**

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DECLARATION

This thesis is my original work and has not been presented for award of any degree in any University.

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This thesis has been submitted for examination with my approval as the University Student Supervisor.

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Signature: _____

Date: _____

DEDICATION

I dedicate this project to my family; children Fidel, Pamua, Nenkai, Nakoyo and Lesirito for their tireless efforts to see me advance in my academic endeavours.

Their support and encouragement helped see me through despite the very many challenges.

ABSTRACT

The main objective was to establish the factors influencing corporate social responsibility at Equity Bank ltd. The study targeted 130 employees and 100 community members. The study used simple random sampling techniques. The completed questionnaires were edited for completeness and consistency. It will then be analyzed using descriptive statistics and inferential statistics; correlation analysis, by use of Statistical Packages for Social Sciences (SPSS). The study found that aspects of leadership such as innovation vision, environmental uncertainty, charismatic leadership style, empowering employees to innovate and interactive leadership influence corporate social responsibility. It is concluded that commitment to CSR projects, capacity of the management to align the CSR programs to business objectives and coordination of the CSR programs are the main aspects of capacity of the management that influence the corporate social responsibilities in the company. The study further deduces that government policies influence the CSR programs at Equity Bank Ltd. On organizational policies, the study concludes that organization policies influences CSR in the institution through the institution's policies are consistent with the CSR strategy. The study recommends that the organization should enhance its organizational leadership to influence CSR. The study also recommends that for the organization to realize full benefits of CSR the capacity of the management should enhance managements' commitment to CSR projects, capacity of the management should be aligned the CSR programs to business objectives. The government should introduce legal arrangement which relate to the social obligation of the company. The study thus recommends that the institutions implementing CSR programs should ensure there is a systematic relationship between formal planning and performance, long-range planning for implementation of CSR programs in the company, institution's policies should provide overall framework for CSR strategy implementation, powerful driving force in implementation of CSR programs through institution's policies and that the process of engagement should create a dynamic context of interaction..

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the past, a company's merit was solely based on its financial performance, however, there is increased pressure from investors, consumers and employees to consider social and environmental criteria in the way a company carries out its business (Angelidis and Ibrahim, 2008). This has created momentum for a "triple bottom line" or "sustainable" approach- social, environmental and financial data for evaluating the performance of a company. Increasingly, stakeholders are concerned that the company they support has business practices that positively impact society while achieving financial success. CSR embraces two main concepts- accountability and transparency.

Corporate Social Responsibility (CSR) is a concept with a growing currency around the globe. Corporate Social Responsibility is the alignment of business operations with social values. CSR consists of integrating the interests of stakeholders- all those affected by a company's conduct- into the company's business policies and actions. CSR focuses on the social, environmental and financial success of a company- the so called triple bottom line- with the goal being to positively impact society while achieving business success (Bennett, 2008).

Social Responsibility began to emerge as an issue during the late 1800 Nunnally and Bernstein (2008) when large organizations commanded by such captains of industry as Vanderbilt, Rockefeller and Carnegie arose. The greatest concerns for social responsibility gained momentum during the great depression when the stock crash served as a backdrop for

the creation of the Securities and Exchange Commission's and the enactment of additional laws regulating business.

According to Stark (2008) CSR lies at the heart of ethical consumerism, social reporting, treatment of customers and employees, community involvement, environment, cause related marketing and socially responsible investment. A coherent CSR strategy-based on integrity, sound values and long-term approach- offers clear benefits to companies and a positive contribution to the well being of society.

1.1.1 The concept of CSR

The definition of Corporate Social Responsibility (CSR) is not abstract; it has been defined differently. According to some organizations such as Business for Social Responsibility (BSR), CSR is defined as achieving commercial Success in ways that honor ethical values and respect people, communities and the natural environment. Mc Williams and Siegel (2001), describes CSR as actions that appear to further some social good, beyond the interest of the firm and that which is required by law a point worth noticing is that CSR is more than just following the law (Veleva, 2003) Alternatively, according to Weiss (2010), the definition of what would exemplify CSR is the following: An action by a firm, which the firm chooses to take, that substantially affects an identifiable social stakeholder's welfare.

CSR is a global practice employed by companies to integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establishing better practices within the firm, create wealth and improve society. From its humble beginnings, CSR has improved beyond the initial activities of managing reputation risk, publishing reports and making charitable

donations to actively seeking competitive advantage through changes that genuinely differentiate their organization and products.

A socially responsible corporation should take a step forward and adopt policies and business practices that go beyond the minimum legal requirement and contribute to the welfare of its key stakeholders. CSR is therefore viewed as a comprehensive set of policies, practices and programs that are integrated throughout the company and usually include issues related to business ethics, community investment, environmental concerns, governance, human rights, the marketplace as well as the workplace.

Each and every company differs in how it implements CSR, if at all. The differences depend on factors such as the specific company's size, the particular industry involved, the firm's business culture, and stakeholder demands and how historically progressive the company is in engaging in Corporate Social Responsibility. Some companies focus on a single area which is regarded as the most important for them or where they have the highest impact or vulnerability; human rights or the environment for example, while others aim at integrating CSR in all aspects of their operations. For successful implementation, it is crucial that the CSR principles are part of the corporation's values and strategic planning and that both management and employees are committed to them. It is also important that the CSR strategy is aligned with the company's specific corporate objectives and core competencies.

1.1.2 Equity Bank Kenya Limited

The Equity bank which was established in 1984 as building society has since grown and eventually transformed into a banking corporation. Equity bank has grown to be the dominant bank institution in Kenya. It has its network spanning all over in the country with 123

branches and 43 branches in Uganda, and 3 in Southern Sudan. Equity Bank is the leading inclusive bank in Africa, listed at the Nairobi and Uganda Stock Exchanges. It is the largest bank in the region in terms of customer base with over 5.7 million bank accounts, and 57% of all bank accounts in Kenya. Its presence in Uganda and Southern Sudan is growing. The vision of Equity Bank Ltd is to champion the social economic prosperity of the people of Africa while its purpose is to transform the lives and livelihoods of people socially and economically by availing them modern, inclusive financial services that maximize their opportunities. The multi-currency, multi-company, multi- country system has a capacity of 35 million accounts and a processing speed of 300,000 transactions per minute.

Equity Bank has received both local and global accolades for its unique and transformational financial model. The bank is credited for taking banking services to the people through its accessible, affordable and flexible service provision. At the Africa Investor Index Series Awards 2009 held at the New York Stock Exchange. Equity Bank was named the best performing company in Africa while the Bank's CEO; Dr James Mwangi was named Africa's CEO of the year, in the Africa 100 CEO category Index.

In June 2009 Equity Bank was the emerging markets most sustainable bank of the year in Africa and the Middle East. Equity is the holder of the 2007 Global Vision Award in Microfinance "for initiating a concept of the future that will shape the Global Economy". The world renowned Super brands has recognized Equity as the only banking Super brand in East Africa in its first Super brand edition for East Africa in 2008. Equity Bank enjoys an A+ Credit rating from Global Credit Rating Agency. Equity Bank offers financial services through its wide network of Branches in Kenya, Uganda and Sudan supported by Alternate Delivery Channels. These Channels include: Visa branded ATM's in Kenya; Points of Sale

(POS) where customers shop pay and withdraw cash in leading retail outlets; Internet and mobile banking channels. The Bank runs on a Global Robust State of the Art Information Technology Computer System supported by Infosys, HP, Oracle and Microsoft.

1.2 Statement of the problem

Business organizations have woken up to the need for being committed towards Corporate Social Responsibility. But still majority have just been taking up some form of philanthropic activities for its stakeholders. Nurturing a strong corporate culture which emphasizes Corporate Social Responsibility (CSR) values and competencies is required to achieve the synergistic benefits. The employees of an organization occupy a central place in developing such a culture which underlines CSR values and competencies (Angelidis and Ibrahim, 2008).

Equity bank Limited is a major contributor to the country's economy. The researcher's knowledge of the banking sector and its involvement in CSR had also contributed to the researcher's engagement in the study. The concept of CSR practices was one in which corporations were urged to take responsibility not only for the financial bottom line but also for other interested shareholders such as community and regulatory interests (Nunnally and Bernstein (2008). However, there was very little evidence on whether a socially oriented business model actually benefited the corporation more than profits at all cost focus. This highlights the need to provide more evidence through this study on factors influencing CSR at Equity Bank Ltd.

1.3 Broad Objective

The main objective is to establish the factors influencing corporate social responsibility at Equity Bank Limited.

1.3.1 Specific Objectives

The study is based on the following objectives:

- i. To determine the influence of organizational leadership on CSR at Equity Bank Limited.
- ii. To determine the influence of capacity of the management on CSR at Equity Bank Limited.
- iii. To determine the influence of government policies on CSR at Equity Bank Limited.
- iv. To assess the influence of organizational policies on CSR at Equity Bank Limited.

1.4 Research Questions

The study will be guided by the following research questions:

- i. How does leadership influence the CSR at Equity Bank Limited?
- ii. What is the influence of capacity of the management on CSR at Equity Bank Limited?
- iii. What is the influence of government policies on CSR at Equity Bank Limited?
- iv. To assess the influence of organizational policies on CSR at Equity Bank Limited

1.5 Significance of the Study

1.5.1 Equity Bank Limited

The output of the study would enable the company to acknowledge the factors influencing Corporate Social Responsibility and importance of social responsibility programmes on the community's development. The firm would thus focus on the community through the areas that have not been addressed adequately.

1.5.2 The local Community

The local community would also benefit from the findings of this research in identifying the likely impact of company activities on the economic, social political issues that can be better placed to negotiate their rights without threatening the survival of the corporation.

1.5.3 Future Researchers and Academicians

Future researchers and academicians would use the output of the study as referral material on areas pertaining to social responsibility. Further, they will use the study for future business assignments.

1.6 Scope of the study

The study was conducted at Equity Bank Limited. The study focused on the factors affecting CSR at the bank. The unit of analysis was the employees from top and middle management portfolios from the various departments.

1.7 Limitations of the Study

The researcher encountered various limitations that hindered access to information sought by the study. The main limitation of study was its inability to include more organizations. This was a case focusing on equity bank ltd.

The respondents approached were reluctant in giving information fearing that the information sought might be used to intimidate them or print a negative image about them or the organization. The researcher handled the problem by carrying with him an introduction letter from the University and assured them that the information they gave was to be treated confidentially and it would be used purely for academic purposes.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter review literature relevant to the research problem under investigation. The literature is reviewed from books, journals, newspapers, libraries, academic publications, magazines, government statistics and any other relevant source.

2.2 Theoretical Review

2.2.1 Organizational Leadership

Research has confirmed leadership's pivotal role in initiating and developing CSR programs and initiatives within and across organizations. Leaders in world business are the first true planetary citizens, they have worldwide capability and responsibility, and their decisions affect economies as well as societies (Lepoutre, and Heene, 2006). The role of the leader in guiding business toward sustainable social responsibility is complex and vast, and it has been alleged that it requires a unique array of leadership skills and competencies. A change in management thinking has been from process to people (Levy and Shatto, 2008). Leadership styles and leadership capabilities and competencies most prevalent among leaders whose organizations have successfully experienced changes in organizational strategy and focus, transitioned toward, and achieved more socially responsible behaviors are presented throughout the literature.

Leaders of socially responsible organizations have been associated with the charismatic leadership style; the connection between top managers and firm outcomes depends to a large extent on the managers' charismatic leadership under conditions of perceived environmental

uncertainty. Charismatic leadership style communicates an innovation vision, energizes others to innovate, and accelerates innovation processes and CSR; interactive leadership characteristically empowers employees to innovate and to become innovation leaders themselves (Lindgreen, Swaen, and Campbell, 2009). The transformational leader is able to communicate so enthusiastically that the result is pulling people to commit to the vision of the leader on sustainability.

Some effective organizational models for CSR, however, support a simultaneous transformational and visionary leadership style, together with a need for transparency (Jones, 2009). Moreover, CEOs' intellectual stimulation is found to be significantly associated with the propensity of the firm to engage in strategic CSR, or those CSR activities that are most likely to be related to the firm's corporate and business-level strategies. Leadership competencies consistent with "responsible" leaders include courage, business acumen, passion, having a life, compassion, sense of humor, and vision for legacy (instead of vision for activity). A leader should be remembered as a person who designed a society that is educated, environmentally friendly, safe, and economically sustainable (Levy and Shatto, 2008).

CSR is strictly embedded with a multitude of business actors. With the call for sustainability and the new role of business in society and with increased expectations and new rules and tactics, leadership is bound to come into contact—and conflict—with key stakeholders in the arena of responsible business, global versus regional and local needs, and different national cultures. Organizations have developed a variety of strategies for dealing with this intersection of societal needs, the natural environment, and corresponding business imperatives. Organizations can also be considered on a developmental continuum with respect to how deeply and how well they are integrating social responsibility approaches into both strategy

and daily operations worldwide. At one end of the continuum are organizations that do not acknowledge any responsibility to society and the environment. Management education can be an important source of new ideas about shifting toward an integrated rather than fractured knowledge economy, but this means also that the role and meaning of socially responsible leadership needs to be updated (Lindblom, 2009).

2.2.2 Capacity of the Management

Company size and sector of economic activity have a significant effect on the likelihood of familiarity with and implementation of the CSR concept. Although the implementation of such activities involves time, effort and resources yet the business houses have realized that it (CSR) is one of the important ways in which an organization can distinguish itself from its competitors. Employees have been rarely covered under the ambit of CSR. To ensure organization-wide commitment, non-management workforce has to be involved in the process. This involvement of employees speaks of the strategic contribution of Human Resource Management (HRM) in CSR.

To commensurate that it will try to suggest a plan of action by analyzing the CSR activities of various organizations to promote sound corporate citizenship which is necessary for the development of a culture for social responsibility. Different researchers at different points of time have emphasized the critical importance of HR for the proper implementation of CSR and the role that HR can play in developing the process where the business objectives are assessed and values re-aligned to match them with staff expectations. Collins (2008) found that job applicant and employee perceptions of a firm's CSR determines their attractiveness towards the organizations. Moving on the same track Linstone (1978) demonstrates that

employee attitudes and behaviors are heavily influenced by fairness of organizational actions towards them.

Further Good relationships with employees also allows a company to gain additional benefits including improving their public image, increasing employee morale, and support from the community (Linstone and Turoff, 1975). Lockett, Moon and Visser (2006) while discussing the role of HR in developing CSR culture in organizations emphasized that with the growing importance of human capital as a success factor for today's organizations, the role of HR leadership has become more critical in leading and educating organizations on the value of CSR and how best to strategically implement CSR policies and programmes domestically and abroad.

2.2.3 Government Policies

One driver of CSR is the role of independent mediators, particularly the government, in ensuring that corporations are prevented from harming the broader social good, including people and the environment. It is likely that government promotion of corporate responsibility and good governance will continue to grow in the coming years. With the implementation of these public policies, companies must now look at governments as key stakeholders of their operational structures and become more aware of the public sector's efforts to promote CSR. By engaging with governments, companies can increase the impact of their CSR strategy and improve the sustainability of their programs. Joining efforts across sectors can lead to more efficient solutions to social problems that are a concern to both companies and governments. Companies that proactively engage in public policy have a new opportunity to become leaders in the countries where they operate and to shape the future of how governments promote CSR.

The issues surrounding government regulation pose several problems. Regulation in itself is unable to cover every aspect in detail of a corporation's operations. This leads to burdensome legal processes bogged down in interpretations of the law and debatable grey areas (Logsdon and Wood, 2002).

Over the last decade, governments have joined other stakeholders in assuming a relevant role as drivers of CSR and adopting public sector roles in strengthening CSR. The increasing profile of CSR as a concept in government action is linked to other challenges brought about by globalization and economic change in the late 20th century such as the debate on corporate citizenship, the changing role of business in society and the interrelationship between trade, investment and sustainable development (Logsdon and Wood, 2011).

Zadek (2001) is a pioneer among authors identifying government roles. He describes the incorporation of governments in the CSR framework as a new stage in the development of CSR and defines this new stage as the third CSR generation, where the new protagonist role of governments in promoting CSR is a central issue (Zadek 2001). Initially, the debate on the role of governments centered on the question of whether or not governments should regulate and enact laws to make CSR actions compulsory. That notwithstanding, this debate has evolved, and seems to have shifted from its initial focus on governments and CSR in the form of the legislation or voluntary binomial involvement (Logsdon and Wood, 2002).

2.2.4 Organizational Policies

It is such competing arguments that make it very difficult for industry, academics and government practitioners to reach a commonly accepted view and a shared understanding of the meaning of CSR. On the contrary, in order for the firm to survive and be profitable it must

engage with a range of stakeholders whose views on the company's success may vary greatly. The process of engagement creates a dynamic context of interaction, mutual respect, dialogue and change, which will allow socially responsible business to achieve lower costs, higher revenues, improved reputations, lower risks and ultimately benefit shareholder value. This view of CSR corresponds to the commonly cited 'business case' for it. The notion of CSR assumes corporate behaviour that goes beyond legal requirements. CSR is the detailed 'issues' which an organization may be taking into account when developing strategies and on which an organization exceeds its minimum required obligations to stakeholders (Logsdon and Wood, 2002).

An organisation will avoid breaking the law because of the fear of prosecution (Bichta, 2009). The notion of CSR confers to activities that exceed legal requirements and the way in which the organization will manage the CSR agenda. In practice, CSR is currently translated as 'best practice' ie, the rigorous assessment and management of a company's impacts across the entire business from the point of material supply to product disposal (Luo and Bhattacharya, 2006). To conclude, in its broadest sense, contemporary CSR represents companies' responsibility to improve all their impacts on society, when not required to do so by law. Tsang (2010) review of twelve strategic planning and performance studies included a detailed examination of the formal planning independent variable. Armstrong compared studies as to whether they considered five component parts of the formal planning process: setting of objectives, generating strategies, evaluating strategies, monitoring the process, and commitment to the process.

Armstrong also compared studies on the bases of the situation and results, and then used the ratings of experts to assess the results of formal planning, cautiously concluding that formal

planning benefitted firms. Lopes and Rodrigues (2007) came to a different conclusion from Armstrong. Their comprehensive review of over sixty studies classified the planning and performance literature into three categories: formal long-range planning and performance, planning typologies and performance, and planning salience and performance. They reviewed types of samples and performance measures as well, and concluded that there is no apparent systematic relationship between formal planning and performance and that there is great disparity in the measurement of formal planning across studies.

2.3 Critique of the Existing Literature Relevant to the Study

Kelli, (2010) carried out a study on Corporate social responsibility practices and financial performance over time for selected U.S. corporations. Key findings from the study were that the CSR practices regarding employees and the environment remained stable over the twelve-year time period. Additionally, organizations' geographical location, financial health, and corporate leadership dimensions had an impact on CSR practices for various stakeholder groups, with the exception of employees. A high level of investment in CSR for certain stakeholder groups did not produce the best financial outcomes in all cases; however, organizations that emphasized CSR in the categories relative to the community and its employees outperformed others with respect to certain financial performance measures. Though the study was relevant to this study it did not address the factors that influence CSR which is the main focus of the current study.

Korathotage (2012) did a study on corporate social responsibility and company performance: evidence from Sri Lanka. According to Korathotage (2012) the relationship between CSR and CP is still not fully understood. In developing countries, this issue is under-researched, even

though some research has been conducted on the development of the CSR concept. The results indicated that there is a significant relationship between CSR and CP. It is therefore recommendable that a similar study should be carried out in Kenya and see whether similar results will be replicated.

Wang (2011) carried out a study on factors affecting perceptions of CSR issues in multiple stakeholder realms, the main purpose being to determine the effects of the values of individuals on their perceptions regarding CSR. The study examined perceptions of CSR both at the emic (observing individuals and stakeholders) and etic levels (conducting cross-cultural comparison) through a descriptive-empirical research strategy. The study results showed that the CSR objective of a corporation's top management should be to manage the divergent and conflicting interests of multiple stakeholders, taking others than key stakeholders into account as well. Though the study was relevant to the current study it did not address factors influencing CSR from the organizational perspective which is the main focus of this study.

2.4 Summary

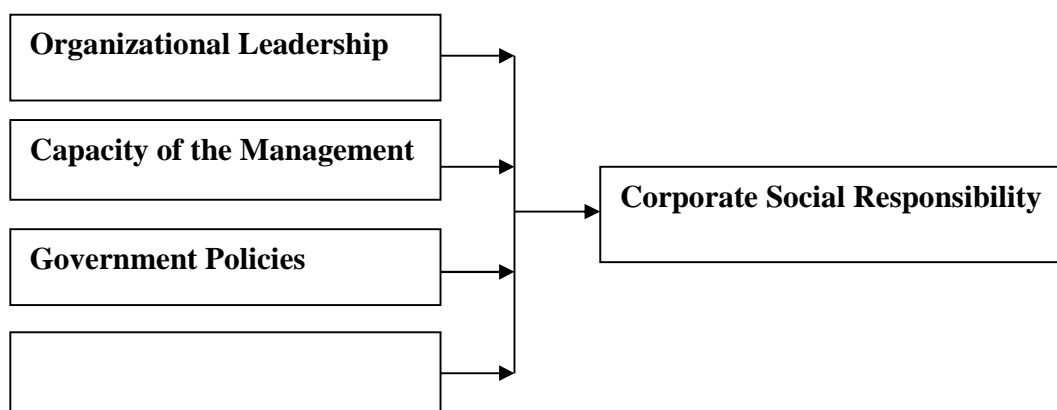
The literature reviewed the factors influencing corporate social responsibility. The reviewed literature discussed the influence of four factors on CSR namely organizational leadership, capacity of the management, government policies and organizational policies. According to the literature the role of the leader in guiding business toward sustainable social responsibility is complex and vast, and requires a unique array of leadership skills and competencies. Also it has been established that one driver of CSR is the role of independent mediators, particularly the government, in ensuring that corporations are prevented from harming the broader social good, including people and the environment.

2.5 Research Gaps

The concept of corporate social responsibility (CSR) developed in the Western world since the 1950s, is novel to developing countries. Various CSR principles, standards, frameworks and indices have grown significantly as researchers to expand the concept in business and academic worlds. The practice of the concept and its behaviour is similar in both the developed and developing worlds. However, there are significant differences between the two worlds in implementing CSR activities (Kelli, 2010).

Researchers have identified these differences—of culture, management perspectives, and geographical and natural business systems—and concluded that existing CSR in the developed world cannot be employed in developing countries. Therefore, researchers are now turning their attention to investigating CSR from the point of view of developing countries. The CSR literature was divided into two areas: development studies, including definitions, theories, standards and frameworks, and relationship studies, including the relationships between CSR and company performance (CP), and CSR and share market performance (Korathotage, 2012). However, the factors influencing corporate social responsibility at organization level is still not fully understood. In developing countries, this issue is under-researched, even though some research has been conducted on the development of the CSR concept. Therefore, this study's main purpose was to establish the factors influencing corporate social responsibility at Equity Bank Limited

2.6 Conceptual Framework



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

A descriptive research design was adopted for this study, this design describes phenomena as it exists and it is used to identify and obtain information on the characteristics of a particular problem or issue. It is preferred because it is efficient in collecting large amounts of information within a short time.

3.3 Population of study

The study population included the 80 senior staffs from the various departments at Equity Bank Ltd headquarters categorized as shown in table 3.1.

Table 3. 1: Target Population

3.4 Sampling Design

The study used simple random sampling techniques. A very important issue in sampling is to determine the most adequate size of the sample. From the target population of 80 staff working at the headquarters, a sample of 50% was selected from within each group in proportions that each group bear to the study population. This generated a sample of 40 respondents. Lopes and Rodrigues (2007) argue that if well chosen, samples of about 50% of a population can often give good reliability.

Table 3. 2: Distribution of the Sample Size

3.5 Data Collection

3.5.1 Research Instruments

Primary data was gathered through a semi-structured questionnaire which was administered by the researcher to facilitate a probing inquiry. The questionnaire had both open and closed ended questions. The questionnaire contained simple questions, which the respondents were able to answer without so much difficulty. According to Wood and Jones (2011) questionnaires are the most effective and reliable and also inexpensive compared to other data collection methods.

3.5.2 Reliability and Validity

The study used the most common internal consistency measure known as Cronbach alpha (). It indicates the extent to which a set of test items can be treated as measuring a single latent variable (Cronbach, 1951). The recommended value of 0.7 was used as a cut-off of reliabilities.

3.6 Data Analysis

This included analysis of data to summarize the essential features and relationships of data in order to generalise from the analysis to determine patterns of behaviour and particular outcomes. Before processing the responses, the completed questionnaires were edited for completeness and consistency. It was then analyzed using descriptive statistics and inferential statistic by use of Statistical Packages for Social Sciences (SPSS) which enabled the researcher to draw conclusions and references from the respondents. Quantitative data were used to present the results in the form of tables according to the objectives and research

questions of the study. The regression analysis model that adopted in this study was as shown below:

$$Y_s = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \text{Where,}$$

$B_1 \dots B_4$ = regression coefficient of four variables; Y_s = CSR; B_0 = constant (coefficient of intercept) X_1 = organizational leadership; X_2 = capacity of the management; X_3 = Government policy, X_4 = organizational policies and was the error term.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented on the factors influencing CSR at Equity bank Ltd. The data was gathered exclusively from the questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study.

4.2 Response Rate

The study targeted 40 respondents in collecting data with regard to factors influencing CSR at Equity bank Ltd. From the study, 36 out of the 80 target respondents filled-in and returned the questionnaires making a response rate of 90%. This reasonable response rate was made a reality after the researcher made personal calls and visits to remind the respondent to fill-in and return the questionnaires.

4.3 Demographic information

4.3.1 Age Distribution

The study sought to establish the age of the respondents. From the findings in figure 4.2, majority (58%) were ranging between 30-40 years, followed by 30% ranging between 21-30 years, 8 % were aged between 41-50 years while only 4% were above 51 years. This information explains that the majority of the employees at Equity bank Ltd were composed of middle aged population i.e. between 30-40 years old. The findings agree with (Holstrom,

2009) that middle aged population demonstrates an explicit motivation that is not for financial gain but a wish to make a difference. The study therefore observes that the respondents are experienced people who are in their organization for their long haul.

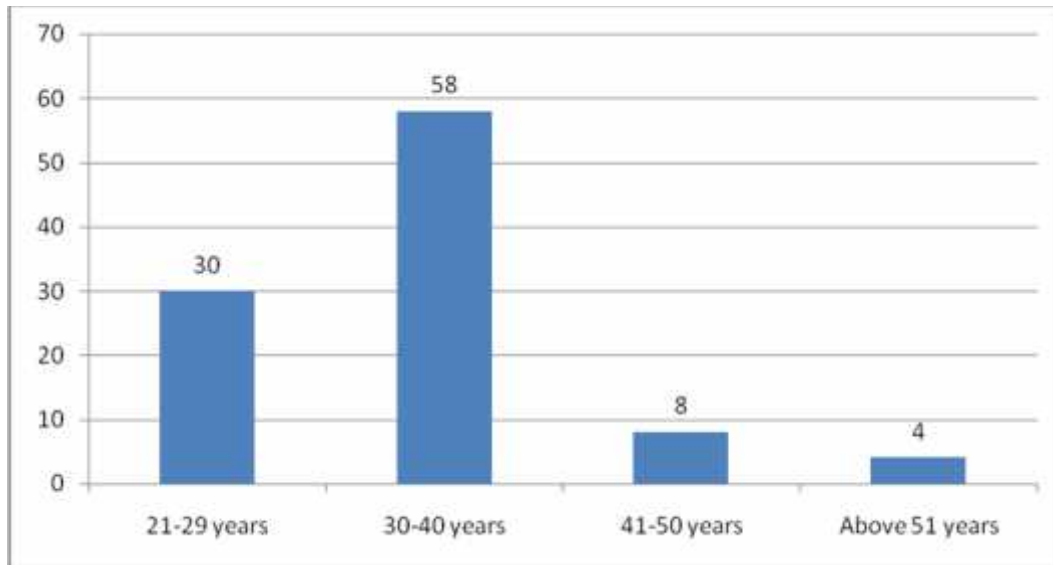


Figure 4. 1: Age of the Respondents

4.3.2 Highest Level of Education

The study found it paramount to determine the respondents' level of education in order to ascertain whether they were well equipped with the necessary knowledge regarding the factors influencing the sustainability of their organization. From the study findings, majority (60%) indicated that they had bachelor's degree, followed by (26%) 26.7% who had a higher national diploma with a few (13%) indicating that they were masters' degree holders. This information shows that the respondents were knowledgeable enough to contribute positively to the study.

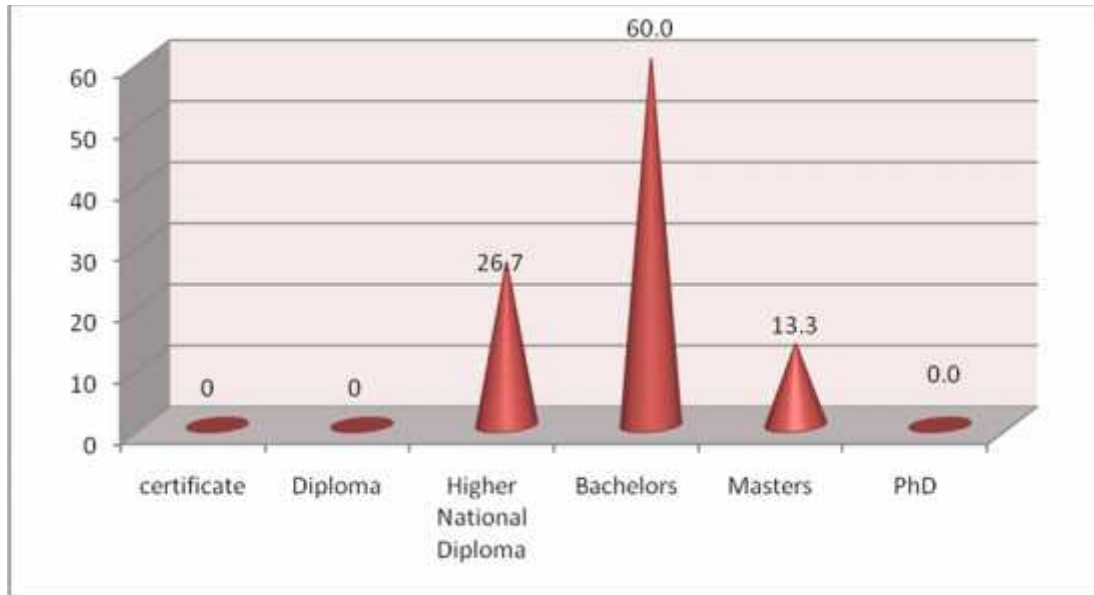


Figure 4. 2: Highest Level of Education

4.3.3 Number of years worked at Equity Bank Ltd

The study sought to establish how long the respondents had been at Equity bank Ltd, this was to ascertain to what extent their responses could be relied upon to make conclusions for the study based on experience. From the study findings as indicated in figure 4.3, majority (63%) of the respondents indicated they had been at Equity bank Ltd for a period ranging between 6-10 years, followed by 29% who indicated they had been working for more than 10 years while 4% of the respondents indicated that they had been working at Equity bank Ltd for a period less than two years and between 3-5 years respectively. This shows that majority of the respondents had worked long enough to give credible information for the study.

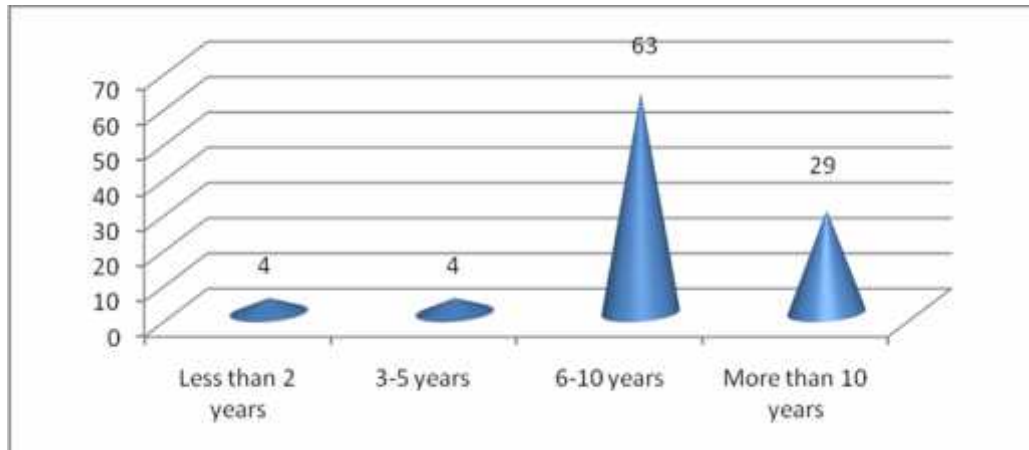


Figure 4. 3: Number of years worked at Equity bank Ltd

4.4 Organizational Leadership

4.4.1 Organizational Leadership influence on CSR at Equity bank Ltd

The study sought to establish the extent to which organizational leadership influences CSR at Equity bank Ltd. From the study, 60% of the respondents indicated that organizational leadership influences CSR at the company to a very large extent, 20% indicated to a large extent, 15% indicated to a moderate extent, while 5% of the respondents indicated to least extent.

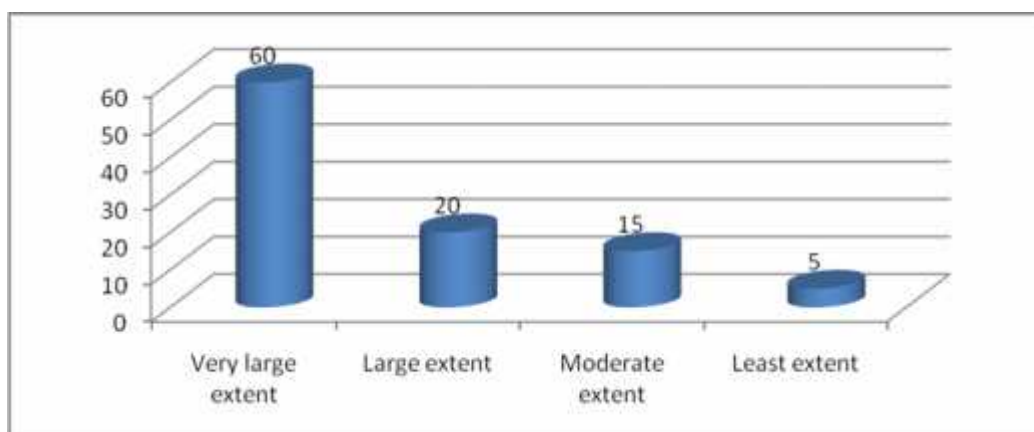


Figure 4.1: Extent to which Organizational Leadership influences CSR at Equity bank Ltd

4.4.2 Organizational Leadership Influence Corporate Social Responsibility

The study sought to establish the extent to which various aspects of organizational leadership influence CSR at Equity Bank Ltd. From the study, majority of the respondents indicated that innovation vision influences corporate social responsibility in the company to a great extent as shown by a mean score of 3.85, environmental uncertainty influences corporate social responsibility in the company to a great extent as shown by a mean score of 3.76, charismatic leadership style influences corporate social responsibility in the company to a great extent as shown by a mean score of 3.69, while they indicated that empowers employees to innovate influences corporate social responsibility in the company to a moderate extent as shown by a mean score of 3.14 as well as interactive leadership influences corporate social responsibility in the company to a great extent as shown by a mean score of 3.08.

Table 4. 1: Agreement on Statements about Influence of Leadership on CSR

4.4.3 Respondents' Level of agreement with statements about social effects of CSR programmes offered

The respondents were requested to indicate their level of agreement with various statements about social effects of CSR programmes offered by Equity bank Ltd. Majority of the respondents agreed that leaders in the company have successfully experienced changes in organizational strategy as shown by a mean score of 3.95, leadership plays a pivotal role in initiating and developing CSR programs and initiatives as shown by a mean score of 3.59, the leaders of the CSR programs have a unique array of leadership skills and competencies as shown by a mean score of 3.54 and that the leaders decisions affect economies as well as CSR programs as shown by a mean score of 3.52. The respondents remained neutral that Equity bank Ltd leaders involve in guiding the company towards sustainable social responsibility as

shown by a mean score of 2.76, leadership styles and leadership capabilities and competencies are the most prevalent in influencing corporate social responsibility as shown by a mean score of 2.57 while they disagreed that the company has set up joint committees between the community and the company to deal with CSR related issues as shown by a mean score of 2.38.

Table 4. 2: Respondents’ Level of agreement with statements about social effects of CSR programmes offered

4.5 Influence of Capacity of the Management

4.5.1 Capacity of the management and corporate social responsibilities

The study sought to investigate the extent to which capacity of the management influence the corporate social responsibilities in the company. From the study, 26.2% of the respondents indicated that capacity of the management influence the corporate social responsibilities in the company to a very great extent, another 26.2% indicated to a great extent, 23.0% indicated to a moderate extent, 14.8% indicated to no extent, while 9.8% indicated to a little extent.

Table 4. 3: Influence of Capacity of the Management on CSR at the Company

4.5.2 The influence of Management Capacity on CSR Programs on the economy

The study also sought to investigate the respondents’ agreement to various statements about the influence of capacity of the management on the CSR programs on the economy. Majority of the respondents indicated that management at the Equity bank Ltd are commitment to CSR projects to a great extent as shown by a mean score of 3.96, the capacity of the management to align the CSR programs to business objectives has led to its success to a great extent as shown by a mean score of 3.59 and the management in Equity bank Ltd has coordinated the CSR programs leading to a good public image to a great extent as shown by a mean score of 3.55. They also indicated that management makes sure that the stakeholders are involved in the CSR programs to a moderate extent as shown by a mean score of 3.37, the company has

management workforce that foresees the CSR programs to a moderate extent as shown by a mean score of 3.22 and the success of the CSR programs get support from the community to a moderate extent as shown by a mean score of 3.14.

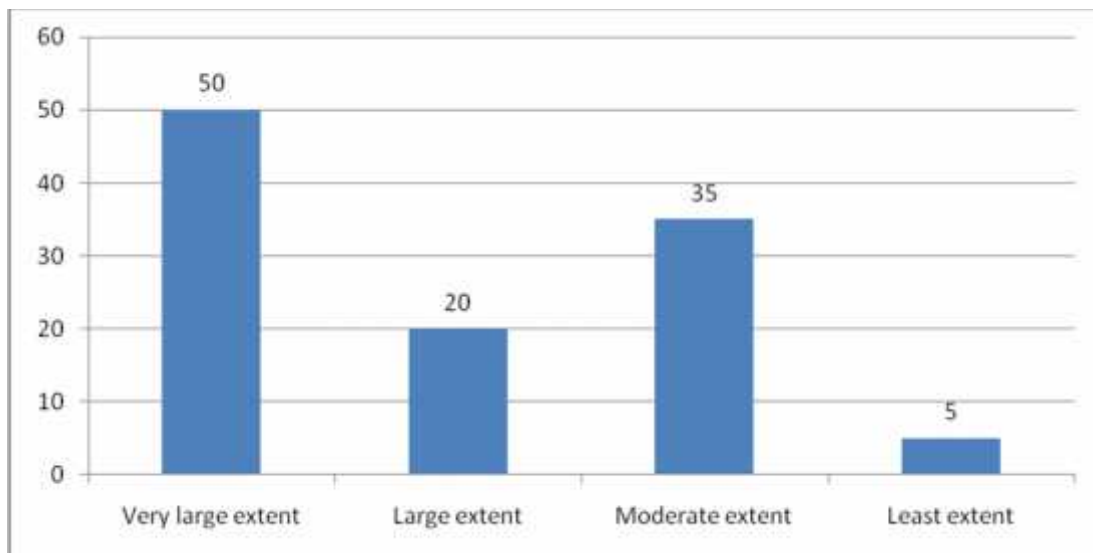
Table 4. 4: Statements on influence of capacity of the management on CSR

4.6 Government Policies

4.6.1 Government Policies and CSR programs

The study sought to establish the extent to which government policies influence the CSR programs at Equity bank Ltd. From the study, 50% of the respondents indicated that government policies influence the CSR programs at Equity bank Ltd to a very large extent, 35% indicated to moderate extent, 20% indicated to large extent, while 5% indicated to least extent.

Figure 4. 4: Influence of Government Policies on CSR at Equity bank Ltd



4.6.2 Statements on influence of Government Policies on CSR

The study further sought to establish the respondents agreement agree with various statements about the influence of government policies on CSR at Equity bank Ltd. Majority of the

respondents indicated agreement that government policies regulate the impact of organization's CSR strategy as shown by a mean score of 3.95, the government controls and ensures that the company does not exploit the community and the environment as shown by a mean score of 3.70, incorporation of governments in the CSR framework is a new stage in the development of CSR as shown by a mean score of 3.55, the government has joined other stakeholders in assuming a relevant role as drivers of CSR as shown by a mean score of 3.54 and the governments is a key stakeholders of their operational structures as shown by a mean score of 3.52. They however remained neutral that government influences CSR by ensuring that corporations are prevented from harming the broader social good as shown by a mean score of 3.41, government leads legal processes in interpretations of the law as shown by a mean score of 3.41.

Table 4. 5: Statements on influence of Government Policies on CSR

4.7 Organizational Policies

4.7.1 Organization Policies Influence on CSR

The study sought to investigate the extent to which organization policies influence CSR in the institution. From the findings, 60.8% of the respondents indicated that organization policies influence CSR in the institution to a great extent, 20.6% indicated to a little extent, 17.6% indicated to a moderate extent, while 1.0% of the respondents indicated that organization policies influence CSR in the institution to a very great extent.

Table 4. 6: Influence of Organization Policies on CSR

The study posed a statement that the firm's mission, strategy and key long term objectives are

strongly influenced by the personal goals and values of its management. The respondents were therefore, required to rate their agreement to the statement. Majority of the respondents agreed that the institution's policies are consistent with the CSR strategy as shown by a mean score of 3.96, there exist a systematic relationship between formal planning and performance as shown by a mean score of 3.77 and there are long-range planning for implementation of CSR programs in the company as shown by a mean score of 3.55. They remained neutral that institution's policies provide overall framework for CSR strategy implementation as shown by a mean score of 3.37, the institution's policies are powerful driving force in implementation of CSR programs as shown by a mean score of 3.22 and that the process of engagement creates a dynamic context of interaction as shown by a mean score of 3.14.

Table 4. 7: Strategy-Culture Relationship

4.8 Regression Analysis

In addition, the researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the effect of the various CSR programs. The researcher applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study.

Table 4. 8: Coefficient of Determination (R²)

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (Corporate Social Responsibility) that is explained by all the three independent variables (organizational leadership, capacity of the management, government policies and organizational policies).

The four independent variables that were studied, explain only 78.3% of the factors influencing CSR at Equity bank Ltd as represented by the R². This therefore means that other factors not studied in this research contribute 21.7% of factors influencing CSR at Equity bank Ltd. Therefore, further research should be conducted to investigate the other factors (21.7%) which influence CSR at Equity bank Ltd.

Table 4. 9: Multiple Regression Analysis

The researcher conducted a multiple regression analysis so as to determine the relationship between various factors and the CSR programs at Equity Bank Limited and the four variable factors. As per the SPSS generated, the equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$) becomes:

$$Y = 3.904 + 0.513X_1 + 0.219X_2 + 0.245X_3 + 0.453X_4$$

Where Y is the dependent variable (CSR at Equity bank Ltd), X_1 is the Organizational Leadership variable, X_2 is the Capacity of the Management independent variable, X_3 is Government policies variable and X_4 is Organizational policies variable.

According to the regression equation established, taking all factors (organizational leadership, capacity of the management, government policies and organizational policies) constant at zero, CSR at Equity bank Ltd will be 3.904. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in organizational leadership will lead to a 0.513 increase in CSR at Equity bank Ltd. A unit increase in organizational policies will lead to a 0.453 increase in CSR at Equity bank Ltd; a unit increase in government policies will lead to a 0.245 success in CSR programs provided by Equity bank Ltd, while a unit increase in capacity of the management will lead to a 0.219 increase in CSR at Equity bank Ltd.

At 5% level of significance and 95% level of confidence, organizational leadership had a 0.0015 level of significance, organizational policies had a 0.0041 level of significance, and government policies had a 0.0067 level of significance and capacity of the management

showed a 0.0074 level of significant. Hence all the factors studied are significant in influencing CSR at the Equity bank Ltd where the most significant factor was organizational leadership, followed by organizational policies, government policies and capacity of the management respectively.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study.

5.2 Summary of findings

The study found that organizational leadership influences CSR at Equity Bank Ltd to a very large extent. It was also established that that innovation vision, environmental uncertainty, charismatic leadership style influences corporate social responsibility at Equity bank to a great extent. The study found that leaders in the company have successfully experienced changes in organizational strategy, leadership plays a pivotal role in initiating and developing CSR programs and initiatives, the leaders of the CSR programs have a unique array of leadership skills and competencies and that the leaders decisions affect economies as well as CSR programs, however there was disagreement that the company has set up joint committees between the community and the company to deal with CSR related issues.

On the influence of capacity of the management on corporate social responsibilities in the company, the study found that capacity of the management influences the corporate social responsibilities in the company to a very great extent. The study revealed that the management have commitment to CSR projects, the capacity of the management to align the CSR programs to business objectives has led to its success and the management has coordinated the CSR programs leading to a good public image.

On the extent to which government policies influence the CSR programs at Equity bank Ltd, the study found that government policies influence the CSR programs at Equity bank Ltd to a very large extent. The government policies regulate the impact of organization's CSR strategy, the government controls and ensures that the company does not exploit the community and the environment, incorporation of governments in the CSR framework is a new stage in the development of CSR, the government has joined other stakeholders in assuming a relevant role as drivers of CSR and the governments is a key stakeholders of their operational structures.

On organizational policies, the study found that organization policies influence CSR in the institution to a great extent, the institution's policies are consistent with the CSR strategy, there exist a systematic relationship between formal planning and performance, and there are long-range planning for implementation of CSR programs in the company, institution's policies provide overall framework for CSR strategy implementation, institution's policies are powerful driving force in implementation of CSR programs and that the process of engagement creates a dynamic context of interaction.

5.3 Conclusion

From the findings, the study concludes that organizational leadership influences CSR at the company. Aspects of leadership such as innovation vision, environmental uncertainty, charismatic leadership style, empowering employees to innovate and interactive leadership influence corporate social responsibility. Leaders have successfully experienced changes in organizational strategy, leadership plays a pivotal role in initiating and developing CSR programs and initiatives, the leaders of the CSR programs have a unique array of leadership

skills and competencies and that the leaders decisions affect economies as well as CSR programs.

The study also concludes that capacity of the management influences the corporate social responsibilities in the company. It is concluded that commitment to CSR projects, capacity of the management to align the CSR programs to business objectives and coordination of the CSR programs are the main aspects of capacity of the management that influence the corporate social responsibilities in the company.

The study further deduces that government policies influence the CSR programs at Equity bank Ltd. The government policies regulate the impact of organization's CSR strategy, the government controls and ensures that the company does not exploit the community and the environment, incorporation of governments in the CSR framework is a new stage in the development of CSR, the government has joined other stakeholders in assuming a relevant role as drivers of CSR and the governments is a key stakeholders of their operational structures.

On organizational policies, the study concludes that organization policies influences CSR in the institution through the institution's policies are consistent with the CSR strategy. There should exist a systematic relationship between formal planning and performance, long-range planning for implementation of CSR programs in the company, institution's policies should provide overall framework for CSR strategy implementation, institution's policies are powerful driving force in implementation of CSR programs and that the process of engagement creates a dynamic context of interaction.

5.4 Recommendations

The study recommends that the organization should enhance its organizational leadership to influence CSR. This could be through innovation vision, environmental uncertainty, charismatic leadership style, empowering employees to innovate and interactive leadership to influence corporate social responsibility.

The study also recommends that for the organization to realize full benefits of CSR the capacity of the management should enhance managements' commitment to CSR projects, capacity of the management should be aligned the CSR programs to business objectives and coordination of the CSR programs since they are the main aspects of capacity of the management that influence the corporate social responsibilities in the company.

The government should introduce legal arrangement which relate to the social obligation of the company. The company need to set up joint committees between the community, the government and the company to deal with CSR related issues.

From the study findings, organization policies were found to influence CSR in the institution to a great extent. The study thus recommends that the institutions implementing CSR programs should ensure there is a systematic relationship between formal planning and performance, long-range planning for implementation of CSR programs in the company, institution's policies should provide overall framework for CSR strategy implementation, powerful driving force in implementation of CSR programs through institution's policies and that the process of engagement should create a dynamic context of interaction.

In addition, the companies willing to involve in CSR should pay a special attention to organizational leadership since it's the major factor influencing the CSR at the institutions.

This study has reviewed the factors influencing CSR at Equity bank Ltd. There are other different firms which have CSR programs. To this end therefore a further study should be carried out to establish the factors influencing CSR programs in other firms.

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APPENDICES

Appendix I: Questionnaire

1. DEMOGRAPHICS

Please read each question carefully and follow the instructions. Please answer all questions by circling the number in the box that best describes your answer. All individual answers will be kept confidential.

Q1.1 Please circle the number in the box best describes the range in which your age falls

Q1.2 Please indicate your gender (Please circle an appropriate Box)

Q1.3 To date, what has been your highest formal qualification? (Please circle one box only)

Q 1.4 Years of service in the organization

- a) 0-4 yrs []
- b) 5-9 yrs []
- c) 10-19 yrs []
- d) Above 20 years []

PART B: INFLUENCE OF ORGANIZATIONAL LEADERSHIP ON CSR

1. To what extent does organizational leadership influence corporate social responsibility at the company?

2. To what extent do the following aspects of organizational leadership influence corporate social responsibility in the company?

3. To what extent do you agree with the following statements about social effects of CSR programmes offered by Equity Bank Limited?

4. Do you agree that there has been conflict between the company and the community?

PART C: CAPACITY OF THE MANAGEMENT

1. To what extent does capacity of the management influence the corporate social responsibilities in the company?

2. To what extent do you agree with the following statements about the influence of capacity of the management on the CSR programs on the economy?

5. To what extent do you think that the capacity of management should be enhancing to ensure that the CSR programs at Equity Bank Limited are a success?

PART D: GOVERNMENT POLICIES

1. To what extent do government policies influence the CSR programs at Equity Bank Limited?

1. To what extent do you agree with these statements about the influence of government policies on CSR at Equity Bank Limited?

ORGANIZATION POLICIES

1. To what extent do organization policies influence corporate social responsibilities in the institution?

To a very great extent []

To a great extent []

To a moderate extent []

To a little extent []

To no extent []

1. Managing the organization-community relationship requires sensitivity to the interaction between organizational policies and compatibility with the CRS. In light of this statement, rate your level of agreement to the following statements about organization policies influence corporate social responsibilities in the institution. Use a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

Thank you for spending your time to fill this questionnaire.